

Memorandum of Agreement

By and Between

UFCW Local 1776 and Acme Markets, Inc.

July 15, 2009

This Memorandum of Agreement accurately sets forth the complete terms of agreement for a successor collective bargaining agreement reached by ACME MARKETS INC. ("Employer") and United Food and Commercial Workers, Local 1776 ("Union") during their collective bargaining negotiations ("Successor Agreement"). The Successor Agreement contained herein, upon ratification by the affected membership of the Union, succeeds the parties' most recent collective bargaining agreement effective February 2, 2008 through February 2, 2012. The parties agree that the language and terms of the Agreement shall be carried forward as the language and terms of the Successor Agreement, except as such language and terms are modified, added to, or deleted from as indicated below:

1. The Parties agree to Sideletter A (Operational Practices Joint Committee).
2. Regarding Article 2.2.a, the Union agrees that it will not invoke the "crisis" language through 2/2/2012, or any extensions of the current Agreement, and it will discontinue the pending arbitration arising under this provision.
3. Modify Article 2.2.b to state:

"All work and services connected with or incidental to the handling or selling of merchandise offered for sale in the Employer's stores shall be performed by the employees referred to above, except that the Employer may use any direct store delivery assistance available to the trade. A direct store delivery is: the delivery of product by a manufacturer or supplier that does not come through an ACME or Supervalu facility to any ACME retail facility, provided that manufacturer or supplier personnel shall not unload and/or stock trailers of product (except as set forth in the categories of products set forth in Exhibit 2 -- Addendum). No bargaining unit associate shall be laid off based on utilization of direct store delivery assistance. In the event Supervalu sells its distribution centers that service Acme stores, the parties agree to meet and bargain to the extent the bargaining unit is affected."

4. Article 2.6-- add new provision:

"The employer may utilize third party operation of leased departments to provide additional services not currently operated by the Employer, except that coffee operations may be provided through a leased operator. The total number of leased operators in any single store shall not exceed more than three, with an aggregate

square footage per store not to exceed 4,000 square feet. Such leased departments shall not be subject to this collective bargaining agreement, unless the Employer operates the leased department. If the Employer assumes the operation of a leased department, the work in that leased department will be performed by employees covered under the contract."

5. Article 8.1 A. Promotions – modify as follows:

"All promotions shall be based on the employee's qualifications, availability, documented work record and seniority. A ninety (90) day probationary period will apply for promotions. The Employer may obtain an extension on a promotional probation of no more than sixty (60) days, provided that notice of the extension is made in writing and submitted to the Union fifteen days prior to the end of the original probationary period."

6. Article 8.1 B – modify as follows:

1. Permanent job openings will be posted in all stores within the Union's jurisdiction for a fourteen (14) day period during which time employees will notify their Store Director in writing of an interest to fill the opening. Postings shall be placed in a secure area in all stores. Job openings will be filled within sixty days from bid closing. The Union will be notified of said selections. Prior to each posting the Company will notify the Union of all open positions, provide Union with a copy of each posting, along with the start and ending date of each posting.
2. Employees with two (2) or more years of service who are denied a promotion other than a rated classification due to a lack of training may request and be offered the opportunity for cross training subject to parameters set forth in Section 8.1E.
3. For purposes of filling full time day clerk jobs only, part time employees will receive one (1) year full time seniority credit for each two (2) years of part time service. The offering of full time day jobs will be alternated between full time night crew and part time employees (day/evening).
4. Full time seniority shall commence the date the employee became full time. Upon such upgrading employee will receive full credit in determining their proper wage and vacation benefits.
5. The Employer may temporarily assign an employee for no more than sixty days to the open position.
6. Any employee promoted to a higher classified position, who then steps down or is demoted from that position within one year from the date of their promotion shall return to their former position at their previous location with the

corresponding full or part time status that the employee held immediately prior to the promotion.

7. Article 8.1.E – add the following new section:

“The Company may assign and train any employee to relieve the Department manager or other higher paid job classification. The Employer shall select employees who have an interest to train in that department, and assign the relief work based on seniority, employee qualifications, availability, and documented work record.”

8. Article 14.1 Wages

“The following wage payments/increases shall be effective on the dates indicated for those employees and department heads at or above the top of their respective wage progression as of the payroll week noted herein. Employees who reach the appropriate top rate during the term of the Agreement shall become eligible for any remaining wage payments/increases.

	EFFECTIVE for payroll weeks starting 2/3/2008 to payroll week including Date of Ratification (“DOR”)(for the period 2/3/2008-7/18/2009).	EFFECTIVE for 52 payroll weeks after week of Ratification. Paid as soon as practicable following 12 months after ratification (for the period 7/19/2009-7/17/2010).	EFFECTIVE for 52 payroll weeks after preceding 52 week period. Lump sum paid as soon as practicable following 24 months after ratification (for the period 7/18/2010 – 7/16/2011). ACB increase for Department head is effective 7/18/11.	EFFECTIVE for remaining payroll weeks during contract after preceding 52 week period (for the period 7/17/2011 – 2/4/2012). Paid as soon as practicable after 2/4/2012
Department Heads	\$ 0.40/hr. Lump Sum	\$0.40/hr. Lump Sum	\$ 0.40/hr ACB	\$.40/hr lump sum
Full-time Clerks	\$ 0.30/hr Lump Sum	\$0.30/hr. Lump Sum	\$ 0.30/hr Lump Sum	\$.30/hr lump sum
Part-time & General Maintenance Clerks	\$ 0.30/hr Lump Sum	\$0.30/hr Lump Sum	\$ 0.30/hr Lump Sum	\$.30/hr lump sum

Non-checker qualified Clerks and CSA's	\$ 0.25/hr Lump Sum	\$ 0.25/hr Lump Sum	\$ 0.25/hr Lump Sum	\$.25/hr lump sum
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First Lump Sum Payment in 2009 will be calculated and paid based on all hours worked, paid holiday hours and paid vacation hours in the Employer's payroll weeks from February 3, 2008 to the payroll week including the date of ratification. To receive the payment a top of scale employee must be actively employed with Acme at the time payment is issued.

Lump Sum Payment following 12 months after week of ratification: The Lump Sum Payment effective 12 months after week of ratification will be calculated and paid based on hours worked, paid holiday hours, and paid vacation hours for the 52 payroll weeks following the week of ratification. To receive the lump sum payment, a top of scale employee must be actively employed with Acme at the time payment is issued.

Lump Sum Payment following 24 months after week of ratification: The Lump Sum Payment effective 24 months after week of ratification will be calculated and paid based on hours worked, paid holiday hours and paid vacation hours in the 52 payroll week period immediately preceding the effective date. To receive the lump sum payment, a top of scale employee must be actively employed with Acme at the time payment is issued.

Lump Sum Payment following 2/4/2012: The Lump Sum Payment effective upon expiration of this contract (2/4/2012) will be calculated and paid based on hours worked, paid holiday hours and paid vacation hours in the payroll weeks following 24 months after contract ratification week through 2/4/2012. To receive the lump sum payment, a top of scale employee must be actively employed with Acme at the time payment is issued.

Article 14.2 Department Heads

	<u>Current</u>	<u>7/18/2011</u>
Assistant	\$20.078	\$20.478
Produce	\$20.078	\$20.478
Head Cashier	\$19.127	\$19.527
Dairy	\$19.05	\$19.45

9. Article 14 – add new section re “Allentown and Reading Wage Equalization”:

“In lieu of amounts set forth above as lump sums, the amount of the lump sum payments shall be added as ACB wage increases at the start of each payment period during the term of the 2008-2012 Agreement to the base wages of employees formerly

assigned to Allentown and Reading stores, in order to begin equalizing their wages with Philadelphia rates."

10. Article 14.3 C -- modify minimum start rate:

"The following wage progression scale shall apply to all full time and part time clerks [Philadelphia and Allentown/Reading Division] hired prior to 7/1/2009:

The minimum uniform rate of pay for full and part time clerks hired on or after 12/4/05 will be \$7.75 per hour. Each employee hired on or after 01/23/00 (but before 7/1/2009) shall receive an increase of \$.25 per hour after sixty (60) days of service and on each six (6) month anniversary of employment through forty-two (42) months of employment. Upon reaching forty-eight (48) months of employment, the employee shall move to the appropriate top wage rate set forth below:

	Effective 2/03/08
Full-time and Part-time Clerks	\$12.00

Each part-time employee hired on or after 7/1/2009 shall receive an increase of \$0.25 per hour in the payroll week after sixty (60) days of service and on each six (6) month anniversary of employment until reaching the top wage rate set forth above. Upon reaching the top wage rate, the employee shall be eligible for any remaining increases outlined in Article 14.1.

11. 14.4 General Maintenance Clerks:

	Effective 02/07/10
Start	\$8.35
2 months	\$8.60
6 months	\$9.12
12 months	\$9.89
18 months	\$10.40
24 months	\$10.66
30 months	\$10.92
36 months	\$13.75

General Maintenance Clerks at or above top progression rates will receive the Across the Board wage increases shown above.

Duties of this classification will include general cleaning, floor care, house-keeping and maintenance throughout the store and its premises.

12. Article 14.5-- modify first sentence as follows:

"The minimum uniform rate of pay for CSA's hired on or after 12/04/05 will be \$7.35 per hour."

13. Article 14.6 (E) – modify as follows:

" Department Managers When any department manager or an employee in a higher rated job is absent from work for vacations, illness and temporary absences of three (3) days or more, said employee shall be replaced by the Employer by another employee who shall be paid in accordance with the rates noted in this Article from the first day of placement. The Employer shall consider employees that have expressed an interest to train in that department, qualifications, availability, documented work record and seniority."

14. Per agreement of the Parties, there shall be no changes to Article 15.4. The parties shall rely on the decision pending arbitration to determine the proper application of this provision.

15. Article 15.10 – add the following provision:

"Part time employees hired on or after 7/1/2009 may be assigned on a night crew shift of at least six hours per night as determined by the Company, up to five (5) nights at straight time plus the applicable night premium."

16. Article 15.19 -- delete and replace with the following:

Schedules shall be developed in accordance with Article 15.1. Except as may otherwise be set forth in this Agreement, the Employer shall determine the number of employees to be scheduled.

Part time employees shall receive a guarantee of four (4) hours per day, when scheduled.

Part time employees shall be scheduled a minimum of sixteen (16) hours per week, provided the employee becomes an "open availability" employee by being available to work four days per week as may be required by the Employer, including Saturdays as well as evening hours.

Part time employees shall be scheduled a minimum of twenty (20) hours per week, provided the employee becomes an "open availability" employee by being available to work five days per week as may be required by the Employer, including Saturdays and Sundays as well as evening hours.

The weekly guarantees noted above shall apply to a part-time employee who is available seven (7) consecutive hours (which includes evenings) for applicable days during the Monday through Friday period.

To be scheduled the minimum hours per week, an employee must complete and sign the Employer's availability form. An employee who withdraws his or her availability may not submit a new form within four (4) months of reducing his or her availability. The weekly minimum is not applicable to probationary employees, students, and employees holding another job or employees who are not available to work four or five days per week as noted above.

An employee with the applicable 16 or 20 hour per week guarantee may claim the hours of an "open availability" employee so long as the claimed hours do not bring another "open availability" employee below that person's applicable 16 or ~~18~~ ²⁰ hour guarantee, is qualified to perform the claimed work hours or claim the hours of a "non-open availability" employee so long as the claimed hours does not bring the "non-open availability" employee below 10 hours in a week.

If the part-time staffing at a store does not satisfactorily meet the scheduling needs of the store, employees may be requested to expand their availability. If insufficient volunteers, employees may be required to work (regardless of availability) by inverse seniority.

17. Article 15.20 – modify as follows:

"A daily working schedule for each employee shall be prepared in ink and posted in a conspicuous place by Friday noon of the week preceding the week for which the schedule is effective. An employee and/or the union must raise any issues with his/her schedule to his/her Store Director or Assistant Store Director by Monday at 12: 00 PM (noon). Schedules shall contain total hours for each employee, listed in order of seniority. A failure to provide timely notice of any scheduling issues to the Store Director or Assistant Store Director shall result in the waiver of any grievance challenging the posted schedule. If the schedule is not posted by Friday noon, the deadline of Monday does not apply."

18. HOURS AND OVERTIME – delete the following provisions:

- 15.24.A
- 15.24.B
- 15.24.D

19. Article 16.1 C -- new language:

"Employees hired on or after 7/1/2009 will receive no premium for Sunday."

20. Article 17.1 – modify as follows:

"For all eligible Full time and Part time employees hired before 7/1/2009, work performed on the legal holidays shall be compensated at one and one-half time (1 1/2) the straight time hourly rate, in addition to the straight time holiday pay. Employees hired on or after 7/1/2009 shall not receive overtime pay for any hours worked on a holiday."

21. Article 17.2 – modify as follows:

"Upon the completion of thirty (30) days service with the Employer, full time employees shall be eligible for eight (8) hours pay. All part time employees hired prior to 7/1/2009, shall be paid four hours of holiday pay provided that the holiday falls on a day they would be normally scheduled. Part time employees hired prior to 7/1/2009 with one (1) or more years of service regardless of whether or not they are scheduled to work on a holiday shall receive four hours of holiday pay. In order to qualify for holiday pay, an employee must work the scheduled day before and after the holiday (and the holiday if scheduled). Schedules will not be changed to avoid holiday pay. Part time employees hired on or after 7/1/2009 shall receive holiday pay after 24 months of continuous service. "

22. Article 22.2 (A) – modify as follows:

Effective July 1, 2009 (for June hours), the contribution rates shall be as follows for Part Time employees hired prior to January 23, 2000 and all Customer Service Attendants and Full Time employees:

PLAN	ELIGIBILITY	RATE OF CONTRIBUTION
Part Time Plan II	AFTER 2 Years of Service	\$899.82
Full Time Plan III	6 Months through 4 Years of Full Time Service	\$1,266.00
Plan IV	AFTER 4 Years Full Time Service	\$1,322.07
Customer Service Attendants Plan J	AFTER 6 Months Service if Hired before 1/1/2009. AFTER 12 Months Service if Hired on/after 1/1/2009	\$91.47

Employees, upon reaching 48 months of service, shall pay the following pre-tax weekly contributions:

Weekly Contributions
1/1/2011

Single Coverage	\$5.00
Spousal Coverage (includes employee coverage)	\$10.00
Family (includes employee coverage)	\$15.00

23. Article 22.2 (C)—modify as follows:

"Effective July 1, 2009 (for June hours), Employer contribution rates shall be as follows for employees hired after 1/23/2000:

Employer Contributions (Monthly)

After 6 months:	\$99.21 (hired before 1/1/2009)
After 12 months	\$99.21 (hired on/after 1/1/2009)
After 24 months:	\$198.42
After 30 months:	\$347.23
After 42 months:	\$436.51
After 48 months	\$454.05
After 72 months	\$471.24

24. Article 22.2 (C) -- Modify employee premium co-payments as follows:

Employees hired on/after January 23, 2000 shall pay the following pre-tax weekly contributions:

SINGLE (Weekly Contributions)

	<u>Current</u>	<u>9/1/2009</u>	<u>5/1/2010</u>	<u>1/1/2011</u>
After 6 months if hired on or before 1/1/2009; after 12 months if hired on/after 1/1/2009				
	18.47	\$19.39	\$20.36	\$21.38
After 18 months	11.55	\$12.13	\$12.73	\$13.37
After 30 months	5.77	\$6.06	\$6.36	\$6.68
After 42 months	\$3.46	\$3.63	\$3.81	\$5.00
After 48 months				<u>\$5.00</u>

<u>SPOUSAL/FAMILY* (Weekly Contributions).Includes employee coverage</u>				
	<u>current</u>	<u>9/1/2009</u>	<u>5/1/2010</u>	<u>1/1/2011</u>
After 6 months	\$34.64	\$36.37	\$38.19	\$40.10
After 18 months	\$27.71	\$29.10	\$30.55	\$32.08
After 30 months	\$18.47	\$19.39	\$20.36	\$21.38
After 42 month	\$11.55	\$12.13	\$12.73	\$13.37
After 48 months			\$10.00 spouse	
			\$15.00 family	

Employees hired on or after 01/23/00 and prior to 7/1/2009 and not yet receiving Plan II coverage shall not be eligible for Plan II coverage. Employees hired on or after 7/1/2009 shall not be eligible for Plan II coverage.

25. 22.2 (D) – add the following new language:

However, notwithstanding the language above, the ACME MOB increase shall be limited to the following schedule:

Effective May 1, 2008	No increase
Effective May 1, 2009	No increase
Effective May 1, 2010	No increase
Effective May 1, 2011	up to a 5% increase

26. Article 22.3 -- add new language:

"Notwithstanding the above, the Parties agree that during the term of this agreement the Trustees shall adjust the minimum reserve requirement to three months."

27. Article 22.2 (G) -- modify Health and Welfare Eligibility as follows:

Add new language:

- 1) Effective 1/1/2010, benefit eligibility for part time employees hired on or before 7/1/2009 must work or be paid an average of 64 hours per month (16 hours per week) in any rolling two month period.
- 2) Effective 1/1/2011, benefit eligibility for, part time employees hired on or before 7/1/2009 must work or be paid an average of 72 hours per month (18 hours per week) in any rolling two month period.
- 3) Effective upon ratification, part time employees hired after 7/1/2009 must work or be paid an average of 80 hours per month (20 hours per week) in any rolling two month period.
- 4) The parties agree to the terms of the modified Addendum I to this agreement regarding administration of this section.

5) NEW SECTION 22.13 as follows:

"Contributions to the Health and Welfare Fund are solely related to the length of service requirements noted herein and are not dependent upon hours requirements provided above."

28. Article 22.2 (F) – deletes items numbered 1-5 only, and substitutes with the following:

1. Medical – Plan adjusted to include:
PC & KPOS \$200 Deductible
 \$ 15 Doctor Co-pay effective May 2010
 \$ 20 Doctor Co-pay effective May 2012

May be reduced for value-based programs for chronic conditions
(see Cost Containments)

2. Prescription Drug – New Co-pays
Active and Retired \$10/\$20/\$30

3. Employee Contributions

\$10/mo. penalty for non-compliance with required cost containment
programs including:

Disease Management and Health Risk Assessment (HRA).

Retirees
\$25/month

Added spousal surcharge for Plan II as follows:

A. Choice Plan expanded to allow waiver of dependent coverage,
vision, dental and prescription

B. Surcharge for spousal coverage if available at reasonable cost and member elects
spousal coverage from UFCW Fund - \$50/mo.

4

Cost Containment

- Disease Management, Disability Management and Return to Work
program to be adopted

- Value Based Programs to be adopted

- Those identified with chronic conditions will be identified and will
have reduced co-pays and out of pocket costs for required
prescriptions and services

- A Preventive and Wellness benefit of up to \$100/yr will be provided for eligible and qualified expenses not covered by the medical plan.

5. Retiree Defined Contribution Plan

- Retiree load frozen at May 2009 level for length of contract
- ACME agrees to extend program in subsequent contract or load without freeze payable in full as of April 2012
- Program transition from Defined Benefit to Defined Contribution with employee allocations over time.

29. Article 23.1 (Pension) – revise as follows:

"The Employer shall contribute to the United Food and Commercial Workers and Participating Food Industry Employers Tri-State Pension Fund for eligible employees in accordance with Appendix E of the Fund as follows. Employees will be eligible for contributions if they have actual hours worked during the previous month, hours work shall include time paid for vacations, personal holiday, funeral and jury leave.

- A. Full Time Employees. First of the month following completion of ninety (90) days of continuous full time service. There shall be no more than twelve such monthly contributions during any twelve consecutive calendar months.

90 Days to 4 Years:	<u>\$273.80</u>
4 Years to 10 Years:	<u>\$411.75</u>
Over 10 Years:	<u>\$468.70</u>

- B. Part Time Employees. First of the month following completion of ninety (90) days of continuous service. For CSAs/Baggers the first month of the month following completion of six (6) months of continuous service. There shall be no more than twelve such monthly contributions during any twelve consecutive calendar months.

90 Days or 6 Months for CSAs to 4 Years	<u>\$ 32.85</u>
4 Years to 10 Years	<u>\$ 102.95</u>
Over 10 Years	<u>\$ 129.25</u>

- C. Baggers promoted to the Clerk classification shall receive credit for the Clerk contribution based on their original hire date.
 - D. The Parties agree to Rehabilitation Plan #2 established by the Board of Trustees and set forth in Exhibit.
 - E. Parties agree to request and extend modified 412(e) Relief.
- 30. Delete Exhibit 6 and Paragraph 23.6.
 - 31. Article 27.1: Change date in first sentence from 1997 to 2000.
 - 32. Article 27.3 -- modify as follows:

"A minimum of 23% full time employment shall be maintained except as follows: effective 2/1/2010, a minimum of 22% full time employment shall be maintained; effective 2/1/2011, a minimum of 20% full time employment shall be maintained; and effective 2/1/2012, a minimum of 18% full time employment shall be maintained. The Employer may, in its discretion, employ full time employees at a greater level than the ratios outlined herein. The number of CSAs shall not be included in the total head count for determining compliance with the above referenced requirements. The specified reductions in the minimum full time percentage may only be achieved through attrition, and thus under no circumstances may they be achieved through any type of forced reduction or layoff of personnel."
 - 33. Article 29 -- delete Housing Trust Fund.
 - 34. Article 30 -- Duration of Agreement: February 3, 2008 through February 4, 2012. ✱
 - 35. Miscellaneous House Keeping Items:
 - 1) Article 2.4 -- modify last sentence: "This section is limited to UFCW Locals 1776, 152, 1360, and 27 and their successor locals."
 - 2) Article 6.1 (Union Activities) -- modify the last sentence: "There shall be no discrimination against any employees because of Union membership or activities. It is agreed Union duties and activities will not be carried on during hours of work. This shall not prevent Union officials from entering stores to satisfy them that this Agreement is not being observed. During hours when each store is closed, proper security measures shall be taken in each store."
 - 3) Article 13.3 -- modify to state: "Upon such appeal, the Employer and the Union shall jointly investigate the reasons and justification of the discharge. If the parties cannot reach an agreement then the matter shall be handled in accordance with Article 12."

36. Provide in Sideletter B that all employees with one year or more of service who work or are paid an average of 56 hours a month (14 hours per week) will be entitled to Child Care, Education and Physical Well Being at no cost to the employee.
37. Provide in Sideletter C that Health and Welfare benefits shall be provided to same sex domestic partners during the term of this Agreement, on such terms and conditions as the Trustees of the UFCW Local 1776 and Participating Employers Welfare Fund shall establish.
38. Additional Terms (not part of CBA):
 1. All provisions of the Agreement not amended by this proposal shall remain in effect.
 2. All proposals not addressed herein shall be deemed rejected and withdrawn.
 3. This Memorandum of Agreement is subject to approval by the Bargaining Committee, and membership ratification.

FOR UFCW LOCAL 1776:

FOR ACME MARKETS, INC.:



Dated: July 15, 2009

ADDENDUM 1

ACME MARKETS, INC

MAINTENANCE OF ELIGIBILITY REQUIREMENTS AND PROCESS BY WHICH ACME WILL REMIT ELIGIBILITY INFORMATION

Effective January 1, 2006
AMENDED JULY 15, 2009

1. Effective January 1, 2006, in order for a full time employee to continue to be eligible for benefits under the UFCW Local 1776 & Participating Employers Health and Welfare fund, such employee must work or be paid for an average of 120 hours per month in any rolling two month period. For example, if the employee has worked an average of 120 hours per month, during the period of November and December, the employee shall be eligible to continue to receive benefits in February. If the same employee does not work an average of 120 hours during the period of November and December, that employee shall cease to be eligible for benefits as of February 1. If the employee is terminated from employment, the benefits are terminated at the end of the month in which the termination occurs. Or, if later, the end of the month that the employer notifies the Fund of the termination. For employees who terminate within the last three days of the month the employer has 5 calendar days into the next month to report the termination.

Effective 10/1/2009 full time employees must work or be paid for an average of 30 hours per week in any rolling two month period to be eligible for benefits.

2. In accordance with paragraph 1 above, the following shall be the benefit eligibility determination periods:

<u>Hours Worked or Paid</u>	<u>Determines Benefit Eligibility For:</u>
A. January and February	April
B. February and March	May
C. March and April	June
D. April and May	July
E. May and June	August
F. June and July	September
G. July and August	October
H. August and September	November
I. September and October	December
J. October and November	January
K. November and December	February
L. December and January	March

3. The "Hours Worked or Paid" months referred to above are defined as months comprised of each payroll week ending within a month. For example, for the month of May, 2009 the hours credited for that month will be hours for the weeks ending 5/2, 5/9, 5/16, 5/23 and 5/30.
4. Any full time employee who does not work or is not paid an average of 120 hours per month (30 hours per week effective 10/1/09) during any of the periods set forth in 2 A through L above, such employee shall cease to be eligible for benefits in the corresponding month set forth above.
5. The employer shall provide the Fund with a report by the 15th day of each month, which report shall include the average number of hours worked or paid in the two preceding months. For example, by March 15th, the employer shall provide the Fund with a report which indicates the average number of hours, worked or paid for each employee, during the period of January and February.
6. Acme must communicate to the Fund office when an employee should be terminated from benefits. The Fund will not automatically terminate benefits based on the average hours report.
7. Benefit eligibility for part time employees shall be determined in accordance with paragraphs 1 through 6 above, except that the hours worked or paid requirement for part time employees shall be an average of 56 hours per month in any rolling two-month period.
 - a. Effective 1/1/2010 part time employees hired prior to 7/1/2009 must work or be paid an average of 16 hours per week in any rolling two-month period in order to be eligible for benefits.
 - b. Effective 1/1/2011 part time employees hired prior to 7/1/2009 must work or be paid an average of 18 hours per week in any rolling two-month period in order to be eligible for benefits.
 - c. Part time employees hired on or after 7/1/2009 must work or be paid an average of 20 hours per week in any rolling two-month period in order to be eligible benefits.

8. For the purpose of determining the two month average the following periods shall be considered hours worked:
 - a. Fund approved disability
 - b. Absence due to an injury or illness covered by Workers Compensation
 - c. Absence covered by FMLA
 - d. All productive and non-productive hours paid under the Collective Bargaining Agreement
9. Health & Welfare Contribution – The employer shall make a contribution to the Fund on behalf of each employee based on length of service as described in Sections 22.2(a) & (b). The employer contribution is not dependent on attaining or maintaining eligibility for benefits in accordance with the hour requirements set forth above.

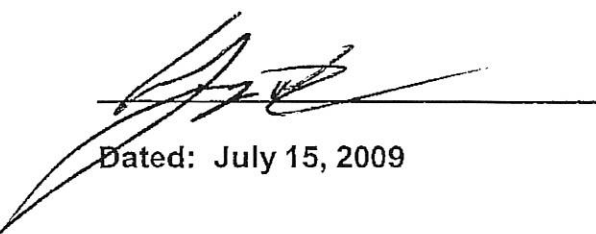
SIDE LETTER A –OPERATIONAL PRACTICES JOINT COMMITTEE

The Company and the Union agree to establish an Operational Practices Joint Committee, composed of three (3) members per side, who shall include (for the Union) the President of Local 1776 or his/her designee, and (for the Company) ACME's Director of Labor Relations or his/her designee:

- 1) The OP Joint Committee will be appointed by no later than September 1, 2009 and will be in effect until and through August 31, 2011 unless mutually renewed;
- 2) The OP Committee shall meet at such times, places as determined by the Committee, under guidelines to be established by the Committee;
- 3) The OP Committee shall have the ability to create sub-committees, including but not limited site-based sub-committees, as it deems necessary and appropriate, which shall report to the OP Committee as required;
- 4) The OP Joint Committee will identify and discuss specific operational practices, business conditions, community relations, working conditions, any matters that affect the Company's ability to be competitive, or other matters of concern to the Parties;
- 5) The OP Joint Committee shall make recommendations and discuss mutually agreeable resolutions, and otherwise attempt to implement agreements, programs and initiatives mutually beneficial to the UFCW bargaining unit and the Company.

FOR UFCW LOCAL 1776:

FOR ACME MARKETS:



Dated: July 15, 2009

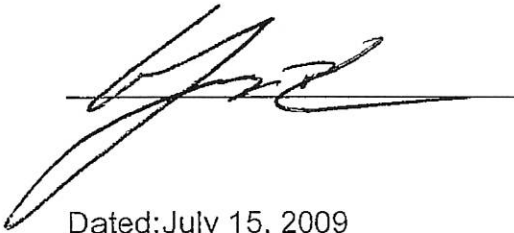


SIDELETTER B

CHILDCARE, EDUCATION AND PHYSICAL WELL-BEING CARE

All employees with one year or more of service who work or are paid an average of 56 hours a month (14 hours per week) will be entitled to Child Care, Education and Physical Well Being at no cost to the employee.

FOR UFCW LOCAL 1776:



Dated: July 15, 2009

FOR ACME:

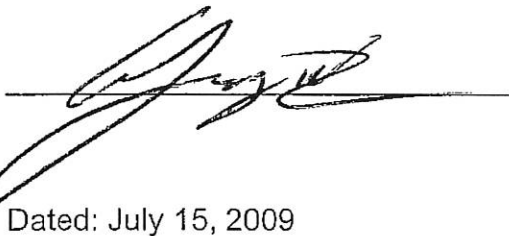


SIDELETTER C

DOMESTIC PARTNERSHIP HEALTH AND WELFARE BENEFIT

Health and Welfare benefits shall be provided to same sex domestic partners during the term of this Agreement, on such terms and conditions as the Trustees of the UFCW Local 1776 and Participating Employers Welfare Fund shall establish.

FOR UFCW LOCAL 1776:



Dated: July 15, 2009

FOR ACME:



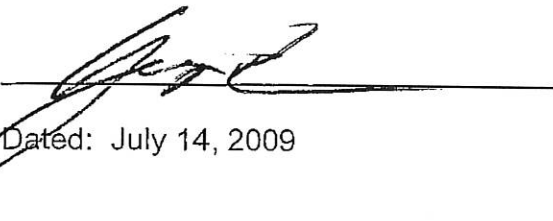
AGREEMENT RE WITHDRAWAL OF UNFAIR LABOR PRACTICE CHARGES, NON-RETALIATION, AND CONFIDENTIALITY AGREEMENT

In consideration of this successor agreement, UFCW Local 1776 and ACME Markets agrees as follows:

1. The Union agrees to discontinue and withdraw all unfair labor practices charges filed with the National Labor Relations Board on and after June 1, 2009;
2. The Company agrees that it will not discriminate or retaliate against any bargaining unit member for his/her concerted activity, including but not limited to informational picketing, hand-billing, or participation on the Union Bargaining Committee;
3. Notwithstanding the Confidentiality Agreement and extensions thereto entered into between the Parties on and after July 8, 2009, the terms of these agreements shall be deemed to be null and void upon ratification of the Memorandum of Agreement.

FOR UFCW LOCAL 1776:

FOR ACME MARKETS:



Dated: July 14, 2009

